GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:163
ANSWERED ON:04.08.2005
DEVELOPMENT OF OIL FIELDS BY ONGC .
Sarma Dr. Arun Kumar

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the investment plan of ONGC to develop oil fields in the country including Assam.

(b) the execution status alongwith the fields to be developed by ONGC alone and fields be explored and developed through foreign companies, field-wise;

(c) the reasons for involvement of foreign companies in the development and exploration of oil fields;

(d) whether any comparative assessment has been made about the benefits to be accrued or losses to be sustained from such involvement of foreign companies; and

(e) if so, the details and outcome thereof?

Answer

MINISTER OF PETROLEUM AND NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF THE LOK SABHA STARRED QUESTION NO.163 BY DR. ARUN KUMAR SARMATO BE ANSWERED ON 4TH AUGUST, 2005 REGARDING DEVELOPMENT OF OIL FIELDS BY ONGC

(a) ONGC has a Plan outlay of Rs.1470.73 crore during the year 2005-06 to develop oil fields, including fields in Assam.

(b) The status in respect of 15 major oil fields are given at Annex-I. For 39 other fields, IOR/EOR schemes are under consideration by ONGC.

In addition, new fields, namely, G-1, GS-15, D-1, Vasai-East, Vasai West (SB-11) and Laiplingaon are under development.

ONGC have not contracted any foreign companies for the development of their fields as of now. However, 19 offshore marginal fields are under consideration of ONGC for development through service contracts for which ONGC have invited bids following international competitive bidding system.

(c) The main reasons for involvement of foreign and domestic companies for exploration are − i) to enhance exploration efforts in unexplored / poorly explored sedimentary areas, which constitute over two-thirds of the country's total sedimentary area, ii) to spread exploration risks, iii) to attract risk capital in exploration; and iv) to bring in new geological ideas and technologies required to discover hydrocarbons.

With respect to attracting investments for the development of discovered fields, these fields were offered in 1992-93, the main reasons being − i) lack of foreign exchange and financial resources with ONGC / OIL and ii) attract state-of-art technologies to develop fields, especially marginal fields. However, in 1999, the Government decided that it would not itself offer any fields discovered by ONGC / OIL for development under private / Joint venture arrangements. ONGC/OIL were, however, free to offer fields for development on a commercial basis, if they so decided.

(d) & (e) : Government have signed contracts for exploration blocks and for the development of discovered fields following an open international competitive bidding system. Companies that offered the best terms to the Government were awarded contracts.

After implementation of the New Exploration Licensing Policy (NELP), exploration areas are also awarded through open international competitive bidding. Private companies, including foreign companies, and Oil Public Sector Undertakings are subject to the same terms and conditions. The bids are analyzed comparatively on the basis of composite bid evaluation criteria and blocks are awarded to the companies giving the best terms.

Since E&P activities are carried out under two entirely different regimes with regard to i) nomination and ii) production sharing systems, a like-to-like comparison across these two systems would be hypothetical. However, as far as the PSC regimes are concerned, as explained above, all contracts are awarded on the basis of comparative bid analyze to ensure that Government gets the best terms for any block.

Some of the major benefits accruing by involving foreign or Indian private companies are summarized below :

i) Bringing new geological models / concepts leading to first-time discoveries in areas such as Barmer district in Rajasthan, the Krishna-Godavari deepwaters and the North East Coast offshore off the coast of Orissa.

ii) Increase production levels in the fields given for development under joint venture/private arrangement.

iii) Benefit our National Oil Companies who, working with private / foreign companies can share not only the finance and technology but also the experience and knowledge, as well as management practices, of the latter to find new solutions to old problems.